

Exhibit 12

Martin Shkreli

Lunch with the FT: Can Martin Shkreli defend corporate greed?

The entrepreneur on failed friendships and why his fraud trial is ‘all for political show’

Lunch with the FT

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On the way to meet me for lunch, Martin Shkreli is detained by two strangers who want to have their photo taken with “the drug guy”. That is one name for him — although some have called

him far worse. "Nobody stopped me to punch me, as you can see," he says.

Shkreli's ability to stroll down a Manhattan sidewalk without provoking an act of violence would be unremarkable but for his status as the personification of US corporate greed, acquired after he bought a life-saving medicine last year before swiftly raising the price from \$13.50 to \$750 per pill. His decision to inflate the price of [Daraprim](http://next.ft.com/content/69b2d902-a8ao-11e5-955c-1e1d6de94879) (<http://next.ft.com/content/69b2d902-a8ao-11e5-955c-1e1d6de94879>), a decades-old medicine for Aids and cancer patients, drew a sharp rebuke from Hillary Clinton, who described the 5,000 per cent increase as "outrageous". Her remark sent pharma stocks spiralling and catapulted the issue of drug costs to the forefront of the presidential debate.

Despite stopping for selfies, Shkreli is already in situ when I arrive at Felidia, a traditional Italian restaurant in Midtown, sitting at a table in the middle of the dark, empty dining room. An overhead lamp throws shadows across his face, which breaks into his trademark smirk as I approach. The smile became infamous last year during his disastrous tour of TV studios to defend the price of Daraprim, when he alienated viewers with his apparent disregard for the suffering of patients. "I became a victim of editing," he says, as I take my seat.

Before last year's scandal, the 33-year-old from blue-collar Brooklyn was all but unknown outside pharma circles, where he had a reputation as one of the industry's most promising young entrepreneurs. His business acumen netted him a fortune, which he claims was worth roughly \$200m at one point.

But it all came crashing down. The impression that Shkreli was revelling in his status as a greedy villain did not help. Then the FBI woke him on a rainy December morning in 2015 and frogmarched him to a Brooklyn courthouse to face charges of defrauding investors to the tune of \$11m. He is due to stand trial in June for allegedly running his hedge fund as though it were a "Ponzi-like scheme".

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Martin Shkreli accused of operating 'Ponzi-like' scheme (<http://next.ft.com/content/c330f150-a4bb-11e5-a91e-162b86790c58>)

If the private Shkreli is any different to the pugnacious public persona, it is not immediately apparent. "This is my date spot if you will," he says, gesturing to the dark panelled walls of his favourite haunt, as he launches straight into his defence. I should not, he swiftly makes clear, expect any regrets.

"To me the drug was woefully underpriced," he says.

Rather, he thinks he should have charged a higher price still because Daraprim can keep people alive: "It is not a question of 'Is this fair?', or 'What did you pay for it?', or 'When was it invented'. It should be more expensive in many ways".

He boasts of other attempts to buy old drugs for fatal diseases with the "ingenious plan" of inflating their prices as well, and suggests that executives who eschew such tactics are, in effect, defrauding their investors. "If you have a drug that is \$100 for one course of therapy, and you know that you can charge \$100,000, what should shareholders think when you say, 'I'd rather not take the heat?'" he asks.

When I arranged the Lunch, I was told that Shkreli would not want to discuss the impending court case. Yet he appears incapable of speaking about anything else. He confidently predicts that he will prevail, and that his notoriety will help sway the jury. "I have this fringe theory that I've sort of stress-tested a little bit — the more polarising and popular a case is, the more likely an acquittal," he says, citing the cases of OJ Simpson, Casey Anthony, who stood trial for her daughter's murder, and Sean "P Diddy" Combs, whose attorney now works for Shkreli. "What's fascinating for all these cases? They were all widely seen to be guilty."

Despite our having sat down half an hour ago, neither of us has glanced at the menu. The trial is "all for political show", Shkreli continues, warming to his theme, and the case would never have been pursued were it not for the price-gouging controversy. "These investigations started years ago and they'd meandered for years. You know that being a public figure is instantly grounds for prosecution."

Given that Shkreli believes he was targeted for the Daraprim controversy, I ask again whether he wishes he had done anything differently. "My whole life has been one theme of self-sacrifice for my investors," he replies, without batting an eyelid. "I did it for my shareholders' benefit because that's my job. The political risk is being shamed — and shame isn't dilutive to earnings per share."

A waiter arrives to take our order. Shkreli asks them to choose for him, and I follow suit. Shkreli has already dismissed the sommelier, but I have another stab and suggest that we take a glass of wine. He demurs.

The conversation, like any other in the US these days, soon turns to the presidential election. While not registered to vote, Shkreli instinctively supports Donald Trump despite his flaws. “The symbolism of his success is in many ways what you’re voting for. It’s sort of like the Statue of Liberty; he’s an icon that represents something.”

“I think that his supporters endorse being rash, being American, being polarising and having this un-PC, unedited attitude. In many ways it’s not a surprise that I identify with that.” Later, it occurs to me how often Shkreli himself speaks in Trumpisms, like this: “I’ve had my photo taken a lot with people who say, ‘I support you, you inspire me, you’re the American dream.’”

Despite her role in his defenestration, Shkreli says he does not hold a “deep animus” towards Clinton, although he dismisses her as “a deeply political, bureaucratic creature”.

“If I’m greedy and addicted to money, she’s greedy and addicted to power — and apparently a little bit of money too,” he says, referring to the millions of dollars in personal wealth amassed by Clinton, who delivered a series of lucrative paid speeches to Wall Street and Silicon Valley in the years following her tenure as US secretary of state.

“I’ve built companies I can point to. What can she point to? A career in public service? She made a bunch of money doing that? It makes no freaking sense.”

Our primi piatti arrive: two bowls of Tajarin, a thin homemade pasta, drizzled in butter and oil with a dusting of freshly grated black truffle, accompanied by steaming cups of butternut squash soup.

I tuck into the spaghetti, which is delicious but would be better still with something from the wine list, and I silently bemoan that daytime drinking is not among Shkreli’s flaws. We barely touch the soup, ill-suited as it is to the glorious autumnal day.

Shkreli eats slowly, his progress impeded by constant fidgeting; I lose count of the number of times he twiddles his hair or fastens and unfastens his grey blazer, worn over a white pinstripe shirt and blue jeans. The restaurant is busier now and he strains to be heard.

Despite confidently predicting his acquittal, the prospect of time in prison weighs on him. “Oh, I’ve certainly thought about it. Anyone in my position would,” he says. “The attorney could have a bad day. There could be a surprise witness, surprise evidence. If I go on the stand, there could be a mistake on my own part.”

He thinks any prison sentence would be short — a year or so — and that he would be popular with his cellmates. “One person told me that the inmates at the white-collar prison are gigantic, huge Shkreli supporters,” he says.

Given that he spends most of his time cooped up in his apartment, where he broadcasts chunks of his day over the internet, he thinks jail would be survivable. “If you look at my life on a daily basis, it’s not very different from a prison-like condition,” he says, “although I’m going to miss my computer.”

He has no doubt that he will make a comeback regardless, reeling off a list of convicted and disgraced executives who rebuilt their careers after being freed from jail. He is already working on a new venture, a technology company that will soon be announced, although he declines to discuss the details. “I think it’s going to be remarkable and, dare I say, revolutionary.”

Shkreli, who stopped eating around halfway through his primo piatto, eventually surrenders the unfinished dish to an impatient server, who replaces it with slices of seared tuna fillet on a caponata of squash and celery root. He looks shocked. “Oh, I didn’t know there was a main course,” he says.

The pharmaceuticals industry was quick to brand Shkreli as an egregious outlier following the Daraprim controversy. In private, many executives blame him for the public outcry over the price of drugs that threatens to crimp their profits and bonuses.

“I heard from a friend that these folks are actually jealous,” he says of those who disavowed him. “They’re 60-something years old and they’re saying, ‘Oh gosh, he outsmarted us’. They can feign all the outrage they want but the reality is, I saw an opportunity in pharma, I made a huge fortune, and they didn’t.”

“They are no different from the maître d’ of this restaurant — they are there to look good, manage the place, act important and do absolutely nothing,” he says, gesturing towards the head waiter. “And unlike the maître d’ they get paid a lot of money.”

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Perhaps the only people who inspire more venom are former business associates, like the employee who quit his job shortly after receiving a large stock award.

Shkreli responded by harassing his family — sending messages to his son on Facebook and posting a letter to his wife that read: “I hope to see you and your four children homeless and will do whatever I can to assure this.”

At last: something he must regret. Many people have said or done awful things when blinded by rage, but bringing his wife and children into things was surely a mistake. Would he take it back if he could? Not a bit of it: “I saw him to be a good family man and I wrote a relatively calm letter. I’d had success in the past appealing to the family.”

Shkreli has barely disturbed the thin slices of pink fish on his plate but assures our concerned waiter that everything was fine. Dessert is an “almost Tiramisu” — a concoction of cream, Nutella and hazelnuts — that is too sickly without the traditional coffee kick. He orders an espresso. I ask for a cup of tea.

“I like being an iconoclast,” he tells me, insisting that he is unfazed by how others view him. Yet he often betrays a desperation to know what people think, recently going so far as to hire a professional polling company to survey public opinion: “It skewed 60/40, like/dislike,” he says.

Shkreli insists the public has him all wrong, and takes offence at the perception that he has lived a privileged life. His parents emigrated from eastern Europe in the 1970s to start anew in the US, where they raised four children. His mother still speaks only broken English. “My parents were janitors. I went to public high school. I was one of the only white kids in junior high. I don’t know why that makes me entitled.”

The family’s cramped apartment was a few blocks from the Atlantic Ocean in Sheepshead Bay, a working-class enclave of Brooklyn where Trump’s father made a name for himself by building affordable housing. “When my parents came to America, they began to learn who the Trumps were and in many ways they symbolised the American dream,” he recalls.

The media furore and his trial have brought the “somewhat dysfunctional” Shkreli family closer, he says, and they recently shared a meal just a few tables away. “It was our first family dinner in a restaurant — ever.” He admits to having “what you could call a complex,” which he attributes to parents “whose theories on discipline are very excessive”.

As far as personal friendships go, there are few to speak of. “There’s nobody to just have a beer with and that, in some ways, is sort of sad.” He has had “an inordinate amount of ex-girlfriends,” he claims, but now there is no one of note, his most recent attachment having ended shortly after he was charged. “Since then the ‘celebrity and notoriety’ have fostered some pretty unhealthy relationships.”

More recently, Shkreli has started to flirt with the alt-right, a loose political collective whose angry concerns are best defined by their gender and the colour of their skin: male and white. But despite his full-throated support for unbridled free markets, I sense he has little interest in the identity politics that fires up this contentious group. “It’s for sympathy, I suppose,” he says. “People will defend me based on my inclusion.”

Solace also comes from friends he has made online, and from Trashy, a rescue cat he rehomed. “She liked to live in garbage cans and near dumpsters and things like that. She was very afraid of everything. She’d hide under the sink for two or three months. Now she sleeps in my bed and she’s made this process quite a bit easier; at least one thing loves me in the world.”

After two and a half hours, lunch is over and so, it seems, is the act. I find myself even enjoying his company. We linger a while and the conversation meanders to some strange places.

He speaks of his love of Shakespeare and magical realist literature, and describes how he is captivated by science and medicine. “I’ve never done any art, but I think if you look at X-ray crystallography, it’s beautiful,” he says. He is obsessed with chess but was recently beaten in a tournament by a nine-year-old. And then he confesses to mental health problems in the past.

“I see a psychiatrist. I have done since I was 18. I started having panic attacks and they were pretty bad. Then I took this one drug and I’ve been taking it for 15 years. One of the reasons I love pharma is my experience of that drug.”

The drug in question is a version of Effexor, an antidepressant that was discovered around 30 years after Daraprim. Later I look up the price — as little as 17 cents a pill. The medicine, he says, is a miracle. “It has made me invincible in some ways.”

David *the FT's senior US business correspondent*

Illustration by James Ferguson

Letter in response to this article
